UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DISNEY MEDIA & ENTERTAINMENT DISTRIBUTION LLC,
Petitioner,

v.

DIGITAL MEDIA TECHNOLOGY HOLDINGS, LLC,
Patent Owner.

Case No. IPR2024-00736
U.S. Patent No. 7,574,725

PATENT OWNER'S RESPONSE TO THE PETITION

Table of Content

Page(s)

I. SUMMARY ……..…….…….1

Not Even the Most Basic Limitations of Claim 1 Have Been Met……...1

Garfinkle Is a Simple Video-On-Demand ("VOD") System……2

Allen Doesn't Remedy Kosten and Garfinkle Failure

to Meet Claim 11 Limitations……4

Allen Doesn't Provide Sales and Marketing Data to Exhibitors…….5

Budow Shows Only Conventional Insertion of Advertising into Programming…6

Two Tiers, Flexible Marketing, Information Dissemination to Other Exhibitors..7

II. LEGAL STANDARD ……..…….8

Cost Saving Not Rationally Connected to Obviousness of Technology Combination……..8

III. CLAIM CONSTRUCTION ……10

IV. LEVEL OF ORDINARY SKILL IN THE ART ……11

V. THE CLAIMS ……..…11

A. Ground 1 - Garfinkle and Kosten………...……12

No Structure or Method Steps Allowing Exhibitor to Locally Market……..14

From a Practical Standpoint Kosten System Doesn't Function…...…….… 14

Kosten Chose the Unworkable, Falling Victim to the Prejudice in the Art……15

Analysis of Claim 1: 1 (pre)…….. 17

Private VOD in Contrast to Public Exhibition in Theater or Broadcast…….18

Cited Art Does Not Enable Marketing Actions by Exhibitors……19

Garfinkle: A Viewer, Not Exhibitor, Provided with Lead-In to Mask Download..19

Equating Distribution for ***Exhibition*** to File Transfer for ***Viewing*** Is Unsound…20

Explicit, Intrinsic Term Definition…….21

1 [e] "downloading…… 21

1 [f] "… Allowing purchasers to"…….…….. 22

Kosten Does Not Enable or Teach Marketing by Theater Owner……...23

Recited Allowing Purchasers to Locally Market Is Absent from Kosten……...…23

Kosten's Advertising Discloses Only Live Broadcast, Not Claimed Storage……23

Use of Storage by Kosten Is Only Disclosed Relating to Multimedia Film……24

Kosten Does Not Disclose Structure Enabling Marketing by Theater Owner……25

Garfinkle Not Relevant to Marketing……..26

1 [g] "said purchaser… exhibitor… time or place…"…….…….. 27

Garfinkle Does Not Relate to Exhibition……...…….27

At a Different Time or in a Different Place…….28

Claim 4: "public communications system…"…… 29

Intrinsic Definition……..30

Claim 5: "public showing of a motion picture"……. 31

No Motivation to Combine Garfinkle and Kosten-Ground 1……..32

No Problem Identified in Kosten or Garfinkle……33

Neither Kosten nor Garfinkle Are Two-Tier Systems…….34

No Teaching Suggestion or Motivation to Combine Kosten and Garfinkle……...34

Marketing in Kosten Is Done Directly by the Central Server, Not the Exhibitor...34

Kosten Doesn't Teach Local Advertising Storage for Later Use…….……..…35

Kosten Discloses Storage of Multimedia, but Not Advertising……..……35

Kosten's Not Mentioning Advertising Cost Savings Shows Advertising Isn't Stored……..……..…35

Petitioner's Assertion of Improvement in

Number of Videos Factually Incorrect……..……..36

No Motivation to Combine Because Both References

Show Large Number of Videos……..……...37

Petitioner's Contentions Respecting Improved

Advertising Are Factually Incorrect……38

Substantially Same Distribution Process Present in Garfinkle and Kosten…….....38

No Motivation to Combine……..39

B. Ground 2: Claim 11 Is Not Obvious Under 35 U.S.C. § 103(a) Over Garfinkle in View of Kosten and Allen ……..40

Claim 11: "… Providing sales and marketing data"……..…… 40

Two Separate Providing Elements in Claim 11:

Sales Data and Marketing Data……...40

Different Plain and Ordinary Meanings……..…41

Claim 11 Recites and the Specification Describes Marketing Data……....41

Petitioner Unsoundly Calls Allen's Sales Data Marketing Information…….42

Sales Data Collected and Provided to Exhibitors……..43

Allen's Customers Are Uninterested in and Don't Receive Marketing Data…….43

Billboard Marketing Information in Allen Isn't Provided to Kiosk …….……44

Analysis of Claim 11: "… Providing sales and marketing data"…….. 45

Petitioner Fails to Advance a Position Respecting Recitation of
"Marketing Data"…….……..46

Invention Collects Data on Exhibitor Marketing Furnishing

It to Other Exhibitors…….……..47

Allen Does Not Provide Marketing Data to Exhibitors……...48

Allen's Customers are Unconcerned with Marketing…….48

Allen Provides No Data to Exhibitors, Because There Are No Exhibitors……48

Allen's Cassette Manufacturing and
Sales System Does Not Collect Marketing Data…….……49

Customer Marketing Limited to Central Station Playing Trailers at Kiosk……...49

Allen Fails to Provide Marketing Information to Customers……..50

Claim 11: No Motivation to Combine Garfinkle and Kosten
with Allen- Ground 2……...50

C. Ground 3: Claims 1, 4, 6-7, 9, 11 Are Not Obvious Over Allen in View of Budow ……..51

Data on Marketing Not Disclosed by Allen……53

1 [pre] …… 52

1 [f]: "allowing purchasers to locally market…"……..…… 54

Petitioner Does Not Genuinely Contend Advertising Is Stored……..54

Allen's Customer Doesn't Market, Getting Only Package and Labeling Elements……55

Dr. Houh's Implying Allen's Customers Engage in Marketing False…….…...56

1 [g]: "public theater or broadcaster… Time or place"…… 58

Claim 4: "public communications system"…… 59

Claim 11: "automatically… Providing… Marketing data"…… 60

Intrinsic Definition of Public Communications System……..60

Patent Defines Marketing As Activities Associated with Advertising Materials...61

Motivation to Combine Unsoundly Posited on Fictitious Marketing Data Reporting……..……62

D. Ground 4: Claim 5 Is Not Obvious Over Allen in View of Budow and Kosten ……..……..63

Claim 5: “exhibition… Is… Motion picture”……..…… 63

There Is No Teaching, Suggestion or
Motivation to Combine Allen, Budow and Kosten……64

VI. DISCUSSION ……..…65

No Known Problem or Need Has Been Identified……..……...66

VII. CONCLUSION ……..……..67

Table of Authorities

Page(s)

Application of Peehs, 612 F.2d 1287, 1290 (C.C.P.A. 1980)……..67

Arctic Cat v. Bombardier, 876 F.3d 1350 (Fed. Cir. 2017) ……..8

Cardiac Pacemakers, Inc. v. St. Jude Med., Inc., 381 F.3d 1371, 1377 (Fed.Cir.2004)…….67

Eibel Process Co. v. Minnesota & Ontario Paper Co., 261 U.S. 45,67…….67

Intercontinental Great Brands, 869 F.3d at 134647…….……..8

Forest Lab'ys, LLC v. Sigmapharm Lab'ys, LLC, 918 F.3d 928 (Fed. Cir. 2019)..67

KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398, 418 (2007)…….……8

Leo Pharm. Prods., 726 F.3d at 1357……..67

Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co., 463 U.S. 29, 43 (1983). See also, *Lee* 277 F.3d at 1342, 1345…….….9

I. SUMMARY

The Invention in United States Patent No. 7,574,725 (the "Patent"), at its essence, is of a different genre from the technology of Garfinkle and Kosten (Ground 1), and, for that matter, that in the patents underlying the other grounds in the Petition.

Not Even the Most Basic Limitations of Claim 1 Have Been Met

Neither Kosten nor Garfinkle, nor even Allen or Budow disclose structure or methods with a first-tier middleman enabled to implement marketing actions toward second-tier exhibition customers.

The cited art also fails to disclose advertising shown at a different time or place from the feature film, something made possible by storage of advertising. Claim 1.

The three patents relied upon do not even involve exhibition.

Likewise, none of the references relied upon show collection of data from exhibitors and provision of sales and marketing information to other exhibitors. Claim 11. Indeed, only Kosten shows an exhibitor, but no structure or methodology involving the above distinguishing features.

Moreover, the three patents relied upon don't involve either exhibition or distribution, merely showing display of feature film multimedia and transport of files. While Kosten shows file transport, the same is in the bare context of straight through satellite channel transmission. While the satellite transmission channel carries advertising, the same is in the limited context of a freestanding billboard advertising network, and fails to teach claim limitations relating to storage of advertising, and allowing the use of that advertising for marketing. Indeed, none of these patents deal with the distribution business which encompasses not only transport of feature films but also transport of advertising materials and implementation of marketing activities.

Furthermore, Kosten's disclosure is jumbled and unclear. His figure shows a "CyberStar video server" module with "[c]ontent storage and scheduling," which clearly means on the server in the cloud, and not at the theater, but confusingly puts this text ***outside*** the CyberStar module. Clearly, the scheduling is located at and done by the CyberStar "scheduling server" (which does not allow for exhibitor marketing as claimed in Claim 1. Ex-2121 ¶11. Rather marketing is controlled by the cloud per Kosten's "[l]ive broadcast capability").

Garfinkle Is a Simple Video-On-Demand ("VOD") System

While Petitioner would like to equate the Invention with multimedia film and advertising transport directly or indirectly to the general public, as unremarkable as that is, any similarities to the Invention end there.

In Garfinkle, the VOD customer receives advertising directly from the central server. Ex-1005, 2:1-8. In Kosten, the central server operates the advertising network. Indeed, Kosten explicitly states that "the satellite distribution company takes care of content transport and management," and refers to "live broadcast capability." Ex-1007, 54.

In Allen, the disclosure appears to be volatile real-time recording of a feature film stream on a cassette being manufactured for the customer. This manufacture of a cassette for a consumer end-user viewer is obviously very different from the recited download of the feature film, download and storage of advertising material, and enablement of the recipient exhibitor to market the feature film. While the kiosk receives advertising directly from the central server, Allen does not allow marketing.

All four references, individually and in combination, thus fail to meet the recitations of claim 1f of "purchasers storing the downloaded correlated information in a digital format corresponding to said advertising material" and "providing said correlated information in a digital format corresponding to said

advertising material… to said purchasers…, allowing purchasers to locally market and sell said multimedia material."

Allen Doesn't Remedy Kosten and Garfinkle Failure to Meet Claim 11 Limitations

Addressing Claim 11, Petitioner argues (Petition 40-42) a POSITA would be motivated to combine Garfinkle, Kosten and Allen, citing features which they allegedly share, including, "an accounting and transaction engine for monitoring and reporting marketing and sales data of multimedia and advertising materials (Ex-1006, 3:48-51)." Petition, 41. The position, that common features are a rational basis for motivating combination, is not reasonable. Something more needs to be shown. For example, one could hardly argue that sewing machines and cancer ablation devices may be reasonably combined because they share needles and computer controls.

However, putting aside the fact that sharing features is not a rational basis for making a combination, the statement is untrue.

The cited section in Allen speaks only of sales, but says ***nothing*** about ***marketing*** (i.e. actions taken to make sales). Ex-2131, ¶18. The relied-upon section states only that "accounting and tracking of rentals and sales or viewing of movies on-demand are tracked at the central site through accounting and transaction

computers." On this, Petitioner also cites Ex-1006, 6:50-57, 11:15-20, Table 3 (25:25-42)), but these add nothing. Petition, 42.

Allen shows an accounting engine, but this has nothing to do with marketing, a point confirmed by the reference to "accounting and transaction computers." Rather than dealing with marketing, the accounting engine functions merely to collect credit card information (as detailed below) to charge a kiosk customer for a videocassette manufactured by the kiosk. Ex-2121, ¶17.

Allen Doesn't Provide Sales and Marketing Data to Exhibitors

While the kiosk does perform a marketing function, it's merely a physically attached billboard. No "marketing data" is provided by the kiosk. Thus, Allen does not meet the recitations of Claim 11 which recites collecting information from exhibitors and providing sales and marketing data to exhibitors. In the Patent this takes the form of keeping track of the specific advertising materials used by the exhibitors, as the exhibitors place orders for the same. In Allen, there are no exhibitors and there is no provision of sales and marketing data to the non-exhibitor users, or for that matter, to anyone. Moreover, the data involved in Allen is ***sales*** data (credit card numbers, addresses, etc.), and not information about marketing actions taken by the exhibitors. Of course, the importance of the claimed

dissemination of collected information is its enabling perfection of marketing actions. Ex-2121, ¶15

While Petitioner argues a POSITA would have been motivated to implement methods described by Kosten and Allen into Garfinkle to provide "additional improvements… such as access to a large number of video products and advertising material" and other features irrelevant to the limitations of Claim 11, such alleged motivation is irrelevant. Petition, 41.

Budow Shows Only Conventional Insertion of Advertising into Programming

Petitioner also proposes the combination of Allen and Budow for Budow's disclosure of inserting advertising into VOD play. However, Budow's insertion of conventional television commercials into VOD showing of multimedia is completely irrelevant to the claimed provision of sending advertising material to exhibitors for the purpose of marketing the feature film through future use of the same. The enablement of feature film marketing, use of advertising materials by the customer to locally market the film, isn't involved. Of course, claim 11's collection of information from customers and providing them with marketing information is also not in Budow.

In seeking to justify its cobbling together of various items of digital architecture, Petitioner claims that a POSITA would be motivated to make the combinations upon the general allegation that the invention provides cost savings:

"A POSITA would have been motivated to combine the teachings of Garfinkle and Kosten and would have a reasonable expectation of success in doing so because they are from the same field and address the same well-known issues…," more particularly urging that: "[a] POSITA seeking to decrease the cost and effort of distributing multimedia and associated advertising materials would have known of and consulted these proposed solutions." Petition, page 13. The rule urged by Petitioner would blindly integrate any structure, addressing issues not even recognized by (or even relevant to) a general reference, into that general reference, if financial factors were an issue and the expert's proposed addition resulted in cost savings. Such hindsight addition clearly fails under 35USC103.

Two Tiers, Flexible Marketing, Information Dissemination to Other Exhibitors

In any case, none of the references relied upon by Petitioner show basic aspects of the invention, including second-tier marketing to third parties, or storage of associated advertising to enable marketing by the exhibitor to third parties, or display at a different time or place from that at which the associated feature film is

exhibited, or collection of information from exhibitors with dissemination of marketing information to other exhibitors.

II. Legal Standard

To support a finding of obviousness, there must be an "apparent" reason to combine known elements as recited in the claim at issue. *KSR Int'l Co. v. Teleflex Inc*., 550 U.S. 398, 418 (2007).

Existence of motivation to combine is a factor, but "[w]hether there is a known reason a skilled artisan would have been motivated to combine elements to arrive at a claim combination… is not the ultimate legal determination of whether the claimed combination would have been obvious to the ordinary artisan – meaning that it is possible that a reason or motivation may exist, but nonetheless the ordinary artisan would not have found the combination obvious." *Arctic Cat v. Bombardier*, 876 F.3d 1350 (Fed. Cir. 2017), citing *Intercontinental Great Brands*, 869 F.3d at 1346–47.

Cost Saving Not Rationally Connected to Obviousness of Technology Combination

Moreover, Petitioner's contentions, for example that there was a motivation to combine Kosten and Garfinkle, as well as the other combinations urged in the Petition, fail for two reasons. First, Petitioner has not provided the required valid evidentiary basis for any such PTAB finding of motivation. *In re Lee*, 277 F.3d 1338, 1344 (Fed. Cir. 2002). Second, the Petitioner has failed to articulate a "***rational*** connection" [emphasis added] between the facts of record and the contentions of motivation. *In re Nuvasive, Inc*., 842 F.3d 1376 (Fed. Cir. 2016) ("conclusory statements" alone are insufficient and, instead, the finding must be supported by a "reasoned explanation"), citing *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983). See also, *Lee* 277 F.3d at 1342, 1345.

Indeed, no problem, technological or otherwise, has been identified in any of the prior art references which could be rationally argued to have motivated the combination.

Mere general allegations of cost savings are not rationally connected to the obviousness of proposed combinations of technology or identification of technical problems. As noted in the declaration of Nick Stiliadis, despite digital film distribution cost savings, professionals in the film distribution business expected release film printing to remain the industry standard for at least 25 years. About the time the patent was filed, Deluxe, one of the two major printers of film for use in

movie theaters (along with Technicolor), explicitly rejected the Invention, instead electing to invest $30 million in conventional optical printing. Ex-2109, ¶ 13-15. This transparently revealed the prejudice in the art against the Internet-based distribution of the Invention.

Given that prejudice, POSITAs did not even seriously entertain the possibility of electronic high informational content feature film transport over necessarily bandwidth limited public networks, and thus certainly never would have considered refinements, such as those of claims 1 and 11, which could only be enabled by such publicly accessible networks.

III. Claim Construction

A. "Exhibition" – a public showing.

B. "Exhibitor" – one in the exhibition business.

C. "Broadcast Exhibitor" – one in the business of over-the-air broadcasting

D. "Distribution" – the business of marketing films and providing copies to venues

E. "Marketing" – actions taken to interest individuals in seeing a film.

F. "Storing" – electronically saving on a non-volatile storage element.

IV. LEVEL OF ORDINARY SKILL IN THE ART

Patent Owner proposes the following level of skill for a POSITA: Bachelor of Science in electrical engineering, engineering physics, computer engineering, computer science, or a related field plus one year of experience related to marketing and distribution of multimedia material over a computer network, or the equivalent, which is believed to be substantially the same as that previously adopted by the Board.

V. THE CLAIMS

The invention in the Patent (the "Invention") provides for the transmission (Ex-1001, 2:60-65) of multimedia film and related advertising material (such as trailers, radio and television promotional spots, coming attractions, and magazine advertisements (Ex-1001, 5:27-34, 4:64-5, 6:21)) to purchaser-theaters who exhibit the film and use the advertising to locally market the film (Ex-1001, 2:60-65). After download, stored materials are available to be used by the local theater owner in the customary fashion. Ex-1001, 14:47-50. As is well understood, trailers are exhibited prior (e.g., weeks prior) to the exhibition of the feature film (for example in the theater), television promotional spots are broadcast by television stations, magazine advertisements are published in magazines, and radio spots are

broadcast over the radio in order to bring moviegoers into the theater. In accordance with the Invention, advertising is presented to potential future theater-goers at a time or place different from that at which the theater-goer attends an exhibition of the film. Ex-2131, ¶¶27-29.

In other words, advertising converts a potential theatergoer into a customer, and gets him or her into (or back into) the theater . Unlike Garfield and Kosten, and the other art of record, the Invention, as recited in Claim 1, provides a backbone for file transfer, exhibition ***and*** marketing functions.

A. Ground 1 - Garfinkle and Kosten

Garfinkle discloses a video-on-demand system that provides his end-user viewer with catalog data for video products available from a central station. Ex. 1005 at 1:54–57 (Garfinkle). Catalog data is periodically transferred to the user sites, where it is stored. Id. at 2:1–3. Catalog data includes listings of available video products, trailers or previews for certain of the video products, and lead-ins for the initial portions of certain products to provide a seamless lead-in to program material ordered from the central station, by displaying the lead-in to fill the initial time during which the film is downloaded. Id. at 2:4–8.

But Garfinkle is not a marketing and distribution system and, unsurprisingly, meets little more than the recitations of the claims dealing with transfer of the multimedia film and advertisements to a remote end-user. None of the claim limitations relating to exhibition of the multimedia to third-party filmgoers and display of advertising to third-party viewers are disclosed by Garfinkle.

Kosten shows little more than a straight through transmission of a digital multimedia film file to an exhibitor "which is received on their network server, stored, and routed to individual screens." This straight-through transmission system exists beside a separate standalone advertising network, with lobby displays displaying revenue generating content, such as "[a]dvertising" and "trailers." Ex-1007 (illustration, p.54).

Petitioner might just as well have cited a simple billboard and argued that it could be located anywhere, even in a theater lobby. Kosten has no disclosure of storage of advertising material at the exhibitor site. Rather, display is disclosed as being in real-time with "[l]ive broadcast capability, apparently only implementing display of advertising and trailers while being transmitted over the satellite link. Kosten merely discloses an "online 'film management system,' selecting the time and locations to which each movie should be sent," and consistent with this Kosten explicitly discloses only the "satellite distribution company tak[ing] care of content transport and management."

For the Petitioner to contend that the exhibitor in Kosten is allowed to control use of the advertising material (and is thus allowed to market as recited in Claim 1) is completely unsupported and unsupportable. Moreover, Kosten simply doesn't disclose structure for enabling this to happen.

No Structure or Method Steps Allowing Exhibitor to Locally Market

Kosten explicitly discloses marketing done by the cloud server with his live broadcast capability. While Kosten states that "no longer will [exhibitors] be stuck with standard trailers attached to each celluloid print," this does not imply that there are no trailers attached to the multimedia, and, importantly, it says nothing about who does marketing in Kosten's scheme. Rather, it is a reference to the broad capability of the satellite network. Indeed, the first part of the sentence mentions "smart advertising networks, displaying "digital trailers and ad spots" on lobby-based "smart advertising network[]" billboards.

The disclosure certainly does ***not*** state that advertising material is locally stored, nor under the control of the local theater, nor allowing use as the local theater owner wishes.

From a Practical Standpoint Kosten's System Is Incapable of Functioning

Importantly, Kosten's system is unworkable. He variously proposes system control by the studios or the satellite distribution company. System control by the

studios is impractical if not impossible, given they are all competitors and cannot be expected to function as a cogent whole, unlike the free marketplace which existed for decades prior to Kosten's proposal and continued after it. Similarly, given the likelihood of multiple satellite companies, even more complex logistics would be presented.

Kosten Chose the Unworkable, Falling Victim to the Prejudice in the Art

While Kosten's scheme is impractical, implementing a public network with access to all (Claim 4), creates the coherency and stability of a free market. A publicly accessible network, such as the Internet, was not even considered by Kosten. That idea was rejected on account of the prejudice in the art. Ex-2109 ¶¶7-14. Kosten was so affected by the prejudice in the art that he, instead, specified what would be viewed as robust bandwidth capable and highly reliable – a satellite network. Indeed, Kosten mentions many possibilities and alternatives – studio control, satellite company control, open systems, gateways among the studios, live events, corporate events, etc. But despite a proclivity for considering and suggesting alternatives, Kosten discloses a satellite network, albeit unworkable and expensive. Unsurprisingly, the record does not indicate that such a system was ever implemented.

To be sure, Kosten, perhaps recognizing the unworkability of the diagram he proposes in his article, does mention the possibility of "service-level agreements" with the studios directing all details, while the satellite distribution company does content transport and management. However, how the above problems would be managed is not disclosed, if it were even possible.

The use of a publicly accessible network (albeit not even considered by Kosten in view of prejudice in the art) solves these problems, and opens up the possibility of inventing more advanced functionalities, for example as described and claimed in the Patent. Most importantly, nothing in Kosten either alone or in combination with the other references provides the advantages and workability of the claimed downloading of multimedia and advertising in a manner which allows exhibitors to market locally, as recited in Claim 1. Certainly, nothing in the cited art teaches the information collection from exhibitors and dissemination of marketing information to exhibitors of Claim 11.

While Kosten touts the low cost of electronic file transport, and says that this "is only one of the many benefits" of his satellite multimedia distribution process, suggesting the possibility of "smart advertising networks, 'virtual chat sessions' between a film's audience and stars… corporate videoconferencing sessions… training seminars… concert events… [and] sports matches," the same are not defined with any degree of precision. Nor is any structure associated with these

possibilities disclosed by Kosten, who even appears to concede ***that the same is yet to be invented***, stating that "[n]one of this will happen, however, unless the satellite distribution company positions its service to meet the needs of everyone in the process," whatever that might turn out to be.

2. Analysis of claim 1

1[pre]: "A method of marketing and distributing multimedia…"

The preamble of Claim 1 is a clear reference to the film distribution business that connects film producers to, in the words of the Patent, "exhibitors and broadcasters." Ex-1001, 0013. "Marketing and distributing," while it is compound

in form, is used in the Patent to designate the process of getting a film from the studio to the movie houses. Ex-2131, ¶11-12.

Claim 1 recites file transport of feature films, and advertising, downloading, storage and use of the same to empower exhibitors to market the film locally. Dependent claims specify use of a publicly accessible network and the collection dissemination of information on marketing. The cited art shows little more than conventional VOD advertising, conventional public billboard advertising and conventional kiosk billboard advertising The standard industry term "distribution" could have been used to designate the inventive process, and a fair reading of the claim as a whole unquestionably supports this interpretation.

Private VOD in Contrast to Public Exhibition in Theater or Broadcast

The Patent's field of film distribution, with its recited exhibition steps, is a world apart from Garfinkle's video-on-demand system servicing end-user viewers. The plain and ordinary meaning of "exhibition" relates to ***public*** showing. Ex-2131, ¶14. Webster's New World Dictionary, Exhibit 2132. This is also consistent with the opinion of expert Harris Tulchin, who explains that "exhibition", as it relates to film and feature films in particular, refers to the public showing of a film in a publicly accessible performance venue, such as a movie theater. Ex-2131¶14.

This definition is also consistent with the limitation in Claim 1 that exhibition occurs in "a public theater" or through "a broadcast exhibitor." Ex-2131, ¶13-17.

Petitioner's expert Houh noting (Exhibit 1002, ¶ 96) that running an optical projector in a movie theater is a type of broadcast is inaccurate per the plain meaning of the word "broadcast." Ex-2131, ¶30. The term "broadcast" is not used to refer to optical projectors in a movie theater. Ex-2131, ¶33. Broadcast instead refers to the transmission of radiofrequency signals from a transmitter to a receiver such as a TV. Ex-2131, ¶31. The Petitioner and its expert are not using the term broadcast correctly, and seek to redefine it, outside of industry standards at the time the patent was filed. Ex-2131, ¶¶32-35.

Cited Art Does Not Enable Marketing Actions by Exhibitors

Numerous failures of Garfinkle to meet the recitations of the claims naturally flow from the basic disconnect between the Patent's ***distribution to exhibitors who need a system giving them tools for marketing activities***, on the one hand, and Garfinkle's video-on-demand system playing video to a viewer who does no marketing or selling.

Garfinkle: A Viewer, Not Exhibitor, Provided with Lead-In to Mask Download

Moreover, the plain interpretation of the words of the preamble of Claim 1, "a method of marketing and distributing multimedia," is reinforced by the body of

Claim 1 which recites “g. wherein said purchaser is an exhibitor exhibiting said multimedia material… in a public theater.” In contrast to the Patent’s exhibitor-purchaser, Garfinkle is a video-on-demand system for privately playing a video to an end-user viewerpurchaser. Garfinkle even uses a lead-in to fill download time to give the impression of instant playing of the movie, something which is irrelevant to the distribution business where the movie is stored locally for replay in, for example, a public theater. Accordingly, Garfinkle is not in the same field as the invention, and, unsurprisingly, doesn't disclose numerous claim elements.

Equating Distribution for ***Exhibition*** to File Transfer for ***Viewing*** Is Unsound

Defendant’s expert’s assertion that “a POSITA would have understood that Garfinkle discloses a method of marketing and distributing multimedia” is argumentative, conclusory, and incorrect as ignoring the plain meaning of marketing and distribution, and as detailed in the specification of the Patent.

This contention is based only on a conclusory expert’s statement that “previewing and transferring video products and related advertising materials constitutes marketing and distribution, respectively.” Ex-1002 ¶70. Distribution is the overall process of moving a film from the producer to the public. Ex-2131, ¶11. “Distribution” at the time of filing, was not understood in the film business as file downloading. Ex-2131, ¶11-12.

The Patent consistently refers to "Marketing and Distribution," as recited in the title of the Patent, a clear reference to "distribution" as understood in the film business, i.e. the process by which feature films move from the movie producer to, for example, movie theater exhibitors. This was also referred to as the "distribution" process. Ex-2131, ¶11. Moreover, numerous joint references to "distribution" and "marketing" clearly show that these two words define the overall function of the inventive method, namely film "distribution

Explicit, Intrinsic Term Definition

This is also consistent with what is effectively a definition of distribution in the Patent which speaks of "distributors through film markets, catalogue sales and long established relationships between purchasers and sellers, sell[ing] films." Ex.1001, 1:51-53.

Petitioner's seeking to equate distribution to file transfer is an untenable position for a Patent dealing with structure and methodology to be deployed in the film distribution business. Accordingly, Garfinkle, being drawn to a VOD system, even for this reason alone, fails as a primary reference.

1[e] "e. downloading to said purchasers, upon request of said purchasers, over said communication network, said correlated information in a digital format

corresponding to said multimedia material from said server system, said purchasers storing downloaded correlated information in a digital format corresponding to said multimedia material"

While Garfinkle's system can stream a multimedia film, the structure of Garfinkle does not enable the recipient to later playback the same to an exhibition audience.

1[f] - "providing said correlated information in a digital format corresponding to said advertising material that is associated with said multimedia material to said purchasers from said server system over said communication network, allowing purchasers to locally market and sell said multimedia material, said purchasers downloading said correlated information in a digital format corresponding to said advertising material that is associated with said multimedia material, said purchasers storing the downloaded correlated information in a digital format corresponding to said advertising material"

As noted above, Garfinkle, while disclosing the bare transfer of multimedia film and related advertising files, fails to disclose anything relating to structure or methodology enabling purchasers to locally market film using the advertising material, for example storage. Moreover, there is no disclosure of any use of advertising material other than its initial display to the VOD customer. Likewise,

there is no disclosure relating to the storage of multimedia film to enable later exhibition. Indeed, exhibition is not even involved in Garfinkle, who only displays the film to an individual in a video-on-demand system. Clearly, the recitations of paragraph 1f of Claim 1 are not met by Garfinkle.

Kosten Does Not Enable or Teach Marketing by Theater Owner

Turning to Kosten, this article does not remedy the failure of Garfinkle to meet the recitations of, *inter alia*, paragraph 1f of Claim 1. There is no structure, software, or methodology disclosed in Kosten relating to allowing purchasers to locally market or sell the multimedia film.

Recited Allowing Purchasers to Locally Market Is Absent from Kosten

While it appears that trailers and apparently unrelated advertising are sent from Kosten's "Network Operations Center" with a "***live*** broadcast capability" (emphasis added) through a video server to "lobby displays," there is no disclosure of control of the lobby displays by the theater owner for marketing feature film. Kosten's disclosed live broadcast capability, managed by the satellite company thus fails to meet the limitation "allowing purchasers to locally market and sell said multimedia material." Claim 1f.

Kosten's Advertising Discloses Only Live Broadcast, Not Claimed Storage

In addition, while advertising appears to pass through a cylindrical block, it is not disclosed whether the block is a router or a storage device. Accordingly, it does not meet the recitations of claim 1f of "purchasers storing the downloaded correlated information in a digital format corresponding to said advertising material." Moreover, this device is explicitly disclosed as being located in the cloud with the satellite company. This compares with the storage implemented by the Patent, which allows later marketing use of the same. Ex-1001, 14:13-15, 64-67.

Even if the cylindrical block is a storage device and it is located in the movie theater, there is no disclosure respecting the nature of storage, and, accordingly, it fails to meet the recitations of Claim 1f. Kosten does not disclose whether any storage of advertising (if it might even possibly be interpreted to exist in the movie theater) is volatile, and thus not available for repeated use, or follows a different protocol. Accordingly, Kosten clearly fails to show the claim limitations of "purchasers storing the downloaded correlated information in a digital format corresponding to said advertising material," thus "allowing purchasers to locally market and sell said multimedia material."

Use of Storage by Kosten Is Only Disclosed Relating to Multimedia Film

In contrast to the above-noted apparently only live broadcast of advertising, Kosten discloses that the digital film file is sent to "theaters," which "store it on their servers for later digital projection." Clearly, Kosten did not anticipate and does not teach the storage of advertising by the theaters for later use.

Rather, Kosten is focused on the transfer of multimedia film files to theaters. As a second thought, perhaps troubled by the cost of satellite distribution, Kosten seeks to further utilize the expensive satellite system in order to drive down costs, speculating about possible uses for what is effectively a standalone billboard advertising system located in theater lobbies, "theaters… host[ing] 'virtual chat sessions' between a film's audience and it stars," filling "[theater] seats during off-peak movie hours (sic) by hosting events like corporate videoconferencing sessions or training seminars," "live concert events," and "sports matches."

Kosten Does Not Disclose Structure Enabling Marketing by Theater Owner

But Kosten mentions nothing relating to advertising being stored for later use by the theaters to market the film. Notably, in contrast to Kosten's silence on film marketing under the control of the theater owner, the specification of the Patent discloses numerous examples of the marketing items enabled by the inventive system, including trailers, radio and television promotional spots, coming attractions, magazine advertisements (Ex-1001, 5:27-34, 4:64-5, 6:21) for the film.

Moreover, Claim 1(f) explicitly recites "purchasers storing the downloaded correlated information in a digital format corresponding to said advertising material" and, explicitly, limiting the structure to one "allowing purchasers to locally market and sell said multimedia."

Garfinkle Not Relevant to Marketing

While Garfinkle's video-on-demand system accesses advertising (Ex. 1005 at 1:54–57), the material may only be viewed by the end-user VOD customer. No provision is provided for use of the same to "locally market and sell said multimedia" to third parties. Accordingly, the limitations of ¶1(f) are not met.

Moreover, there is no motivation to combine Garfinkle's display of advertising to the end-user because Garfinkle, being a VOD system, is not even concerned with the problem of marketing to third parties. Ex-2121, ¶9. Not surprisingly, there is no teaching or suggestion of further marketing of the product by the VOD end-user. Accordingly, the combination of Garfinkle and Kosten is nothing more than hindsight.

While Petitioner argues that "[b]ecause Kosten discloses that distribution is 'a key component of the revenue stream and the business model,' and identifies advertising as '[a]dditional revenue generation,' it would be obvious to use Kosten's system to market a film" (Pet. 30), the resulting system would not allow

locally marketing and selling the film. Petitioner mixes two different business models. As noted above, the combination would be limited to use of a standalone advertising network under the control of the satellite company, not the theater owner, who benefits with "additional revenue generation" by making his lobby space available to the billboards. This clearly does not meet the recitation in ¶1(f) of "allowing purchasers [theater owners] to locally market and sell said multimedia," using the "associated advertising." The impropriety of the combination is underscored by the fact that Garfinkle's end-user is not concerned with marketing, but only watching a film on a VOD system.

1[g] (1) "said purchaser is an exhibitor exhibiting said multimedia material . . . in a public theater to a number of individuals in exchange for a paid admission or a broadcast exhibitor"; and (2) "said advertising material . . . being shown to the public at a time or in a place different from the time or place at which said associated multimedia material is displayed." Ex. 1001 at 16:58–17:2.

Garfinkle Does Not Relate to Exhibition

It is uncontested that Garfinkle does not relate to a system where multimedia or advertising material is downloaded for either marketing purposes or later exhibition. This naturally follows from Garfinkle's failure to disclose either structure or software or method steps involving or enabling exhibition. Moreover,

neither structure, nor software nor method steps are disclosed which relate to marketing for exhibition. Accordingly, Garfinkle clearly does not meet the recitation of a purchaser being an exhibitor exhibiting the multimedia material in a public theater to a number of individuals or a broadcast exhibitor.

The failure of Garfinkle follows from the nature of Garfinkle's technology. Exhibition necessarily involves a publicly accessible space, something which is the opposite of video-on-demand. Ex-2131, ¶14.

Rather, Garfinkle relates to playing of multimedia not exhibition. While exhibition of multimedia, in and of itself, is known, there is nothing in Garfinkle either alone or in combination with Kosten which shows or suggests a two-tier exhibitor/end-user system with storage and file transport structures enabling marketing through the provision of advertising materials to the theater owner.

<u>At a Different Time or in a Different Place</u>

The meaning of the language Claim 1 relating to the time or place for the display of advertising relative to the feature film is not met by Garfinkle's VOD system or the billboards of Kosten. Ex-2131, ¶¶27-29.

As attested to in the declaration of Harris Tulchin (¶28), an industry professional working in the film business would understand that a trailer is shown

a period of time before exhibition of the movie to the public in order to build interest in potential customers.

Accordingly, "trailers" would be understood to be shown at a time different from the time when the movie is being exhibited to customers. This is what the language "said advertising material…being shown to the public at a time… different from the time… at which said associated multimedia material is displayed," in Claim 1g is clearly referring to. Ex-2131, ¶28.

On the other hand, other advertising materials, such as a radio or television promotional spots might be shown while the movie is being screened, but they would be shown at a different place, for example on television or in a newspaper. This is what the language "said advertising material…being shown to the public at… a place different from the… place at which said associated multimedia material is displayed," in Claim 1g is referring to. Ex-2131, ¶29.

Accordingly, those recitations of claim 1g are clearly not met by Kosten's billboards alone or in combination with anything disclosed by Garfinkle in his VOD system.

Claim 4: "The method of marketing and distributing multimedia of claim 1, wherein said server system is accessed over a public communications system.

The use of a public communication system, such as the Internet, in combination with the recitations of Claim 1 relating to the downloading and storage of advertising material, synergistically enables communication of advertising material to any person on the public communication system, thus turbocharging the efforts of purchaser-exhibitors "to locally market and sell said multimedia material," and also enables the claimed collection and dissemination of data. In addition, the use of a publicly accessible network, without extra costs, enables purchaser-exhibitors to quickly, easily and inexpensively send advertising materials to third parties, for example, as may be understood from the specification, to television stations, radio stations, etc.

Petitioner's contention that Garfinkle discloses this element because a POSITA would understand that telephone company copper wire or a cellular wireless network is a public communication system because such systems are designed and regulated as public utilities, is without merit.

Intrinsic Definition

The meaning of "a public communication system" is explicitly defined in the patent which states that the inventive "server system 15 [may be] accessible over a public communication system, such as the Internet." Patent, 3:14-17. Neither cellular nor copper telephone systems, *per se*, are "such" a type of communication

system as the Internet, which has universal, well-defined and flexible communications protocols, and connectivity with vast numbers of computers. Importantly, prejudice in the art would have counseled against a public communication system such as the Internet, and would have discouraged POSITAs from even beginning to consider the possibilities in terms of further system development which such a network would make possible.

Claim 5: "The method of claim 1, wherein the exhibition of multimedia material is the public showing of a motion picture."

Garfinkle does not involve the exhibition of motion picture, but rather is in the field of video-on-demand delivering products to sites of end-users. When the movie is selected, a lead-in is used to give the impression that the download was instant. While the lead-in is playing, the actual download is occurring. Clearly, this is not a situation such as that in a public theater where the audience passively sits in their seats waiting for the movie to play and is unaware of and does not care about any steps taken to show the movie.

In such a public context, delay would not be perceived because the actuation of the download would occur without the audience being aware and thus without the audience being aware of the delay. In contrast, in a home, the individual would trigger the download by selection of the movie and would be wondering whether

the download was occurring, or worse, annoyed by the delay. Thus, it is clear that Garfinkle displays the movie to a private user in his living room, a hotel room, or other private space, and it does not meet the recitation of "exhibition" (Ex-2131, ¶15) or "the public showing of a motion picture."

No Motivation to Combine Garfinkle and Kosten-Ground 1

As noted above, the prior art Kosten and Garfinkle patents fail to even provide the building blocks of the invention claimed in Claim 1. Moreover, even putting this aside, the supposed motivation to combine argued by Petitioner does not exist. Petitioner advances no cogent rationale for a motivation to combine. Accordingly, the Petitioner's expert declarations, in this respect, are conclusory.

More particularly, Petitioner merely contends that one of ordinary skill in the art would have been motivated to combine the teachings of Garfinkle and Kosten because "Kosten discloses a ***business application*** for Garfinkle's ***technical implementation***." Pet. 14. Petitioner's contention makes no sense.

Garfinkle's "technical implementation" is a VOD system sending a multimedia file to an end-user viewer without a perceived delay by local storage of a lead-in, and the playing of the lead-in to mask download delay while the bulk of the multimedia film is being downloaded. Even with a simple accounting engine

for charging the individual consumer-VOD viewer the retail price of the viewing, Garfinkle doesn't meet Claim 1. Garfinkle already has a business application, VOD sales. Moreover, Garfinkle has nothing to do with exhibition or marketing, and certainly has no disclosure of the same. In other words, Garfinkle's accounting and transaction engine deals only with charging for sales, but has nothing to do with marketing actions of customers, the recording of marketing actions, or the furnishing of reports of marketing actions to other customers. Ex-2121, ¶10.

If Kosten's supposed "business application" is a satellite-fed theater with a screen for showing multimedia to an audience, far from Kosten's being a business application, Garfinkle's lead-in technology is irrelevant. Likewise, Kosten's business application does not require charging individual moviegoers, because they paid before going into the theater, and so Garfinkle's consumer accounting engine, as it is disclosed, is also irrelevant.

No Problem Identified in Kosten or Garfinkle

More importantly, both Kosten and Garfinkle are complete solutions to different file transport modes, Kosten involving simple file transmission to a theater and billboards, and Garfinkle involving file transmission to a VOD user. Neither has a problem which is addressed by the other, and Petitioner's experts point to no problem.

Neither Kosten nor Garfinkle Are Two-Tier Systems

The invention of the Patent discloses provision of advertising and multimedia to an exhibitor, with the exhibitor enabled to use the advertising material to market the multimedia. Neither Kosten nor Garfinkle disclose methods, software or structure which enables a first-tier customer to market the multimedia, and a second-tier where sales are made and marketing actions are enabled.

No Teaching Suggestion or Motivation to Combine Kosten and Garfinkle

Likewise, there is no teaching, suggestion or motivation to modify Kosten to provide storage of advertising (Claim 1f) at the exhibitor site, after deriving the advertising material from the correlated information (Claim 1g).

Marketing in Kosten Is Done Directly by the Central Server, Not the Exhibitor

Petitioner argues, incorrectly, that "Kosten discloses a centralized server that aggregates films and related advertising materials and digitally distributes the content to movie theaters for marketing and exhibition. See Ex-1007, 54." Petition 14. However, while the movie theaters do exhibition in Kosten, Kosten's movie theaters are not involved in marketing. The disclosure of Kosten clearly appears to be limited to a video server with content storage and scheduling, for real-time

transmission to the theater screen and the lobby displays, or local storage of only the film.

Kosten Doesn’t Teach Local Advertising Storage for Later Use

Kosten does not teach local storage of advertising material for uses to be implemented by the exhibitor. Accordingly, use by the exhibitor for local marketing is not enabled. Accordingly, the combination of Kosten and Garfinkle, even if it were motivated still falls short of allowing exhibitors to locally market and sell the multimedia material as recited in Claim 1f.

Kosten Discloses Storage of Multimedia, but Not Advertising

In addition, there is no disclosure in Kosten that the exhibitors perform marketing functions. In contrast, storage of the multimedia films by sending the same to “theaters,” which “store it on their servers for later digital projection” is explicitly taught by Kosten.

Kosten’s Not Mentioning Advertising Cost Savings Shows Advertising Isn't Stored

Kosten states the “[e]xhibitors could turn theater lobbies into smart advertising networks.” Those “smart advertising networks, target[] digital trailers and ad spots based on the demographic of their [(the theater’s)] community and the film itself – no longer… stuck with standard trailers attached to each celluloid

print." Ex-1007, 54. However, while Kosten, to be sure, is concerned with cost savings, he never mentions cost savings associated with marketing activities, such as television commercials, radio spots, posters, and so forth, which, by implication shows he completely fails to disclose the claimed downloading and storage of such materials at the theater, allowing for locally marketing the multimedia film.

Finally, considering whether an undisclosed wholesale accounting engine is a "technical implementation" which Petitioner may be suggesting can be utilized in a theater, it is clear that the same is not taught or suggested by Garfinkle in combination with Kosten. Nor would there be any motivation for a distributor to modify and implement Garfinkle's credit card based charge system to make a single charge to a theatrical exhibitor. Accordingly, there is no teaching, suggestion or motivation to modify Kosten to store advertising (Claim 1f) consistent with the recitation of allowing the purchasers to locally market and sell the multimedia.

No rationale is given by Petitioner as to either 1) how, despite these issues, a combination would be taught, suggested or motivated, or 2) why the particular modifications required would be obvious, given that they are not taught or suggested by Kosten or Garfinkle, alone or in combination.

Petitioner's Assertion of Improvement in Number of Videos Factually Incorrect

The improvements which Petitioner argues to supposedly provide motivation are vacuous. For example, Petitioner states that a "POSITA would have been motivated to use Garfinkle's video distribution system to implement Kosten's distribution method to achieve the improvements described therein, such as access to a large number of video products and advertising materials available at a centralized location (Ex-1007, 54; Ex-1005, 1:42-49, 1:54-2:12)." Petition, 14. It is not seen how either cited system might suffer from a limited number of products or advertising. The statement is quizzical, but no matter how you interpret it, the statement suffers from factual inaccuracies and fails to provide any rationale for a motivation to combine.

No Motivation to Combine Because Both References Show Large Number of Videos

Both Garfinkle and Kosten show access to a large number of video products and advertising materials. See, for example, Garfinkle which discloses "a central station… which includes an inventory of video products stored…, in compressed digital data form," with "a digital data bank 14 in which is stored… materials related to these products." Ex-1005, 2:39-47

Likewise, Kosten discloses "satellite distribution compan[ies]" which are "choos[ing] to insert themselves between the studios and the theater owners." This

disclosure of multiple “studios” and multiple “theater owners” clearly means that a large number of multimedia films are involved in Kosten’s system. Moreover, because Kosten also deals with trailers (presumably associated with films stored by the satellite distribution company), it follows that numerous advertising materials are also stored.

The claim terms at issue deal with storage, download, collection and dissemination of data, implementation of structure allowing local marketing, etc. as detailed above, and have nothing to do with the number of products involved in either of the cited references.

Because both Kosten and Garfinkle both show systems with a central server storing and implementing file transfer for a number of multimedia products and advertising, the Petitioner’s contention that combination is motivated by this feature is nonsensical.

Petitioner’s Contentions Respecting Improved Advertising Are Factually Incorrect

Here again, both Garfinkle and Kosten show similar advertising capabilities. Relying on that (Petition 14) as a motivation to combine is unsound.. More particularly, Garfinkle and Kosten keep advertising on a central server for transmission. The cited motivation to combine is factually unsupported.

Substantially Same Distribution Process Present in Garfinkle and Kosten

Petitioner's statement that a "POSITA would have been motivated to use Garfinkle's video distribution system to implement Kosten's distribution method to achieve the improvements described therein is unsupported and conclusory. More particularly, the allegation of an "improved distribution processes" (Petition, 14) is factually incorrect as the distribution processes in the two references are both electronic file transfer, with Garfinkle even alluding to the possibility of satellite transmission employed by Kosten.

No Motivation to Combine

In short, in addition to relying upon references which fail, even in the aggregate, to disclose the elements of the invention, Petitioner has specified no apparent reason to combine the albeit limited number of disclosed elements.

Certainly, simple substitution of one element for another is not involved. Moreover, the cited art does not show local storage of two classes of correlated materials, which allows the local marketing of the feature film, claimed in Claim 1. thus, there is no teaching, suggestion, or motivation to cobble together the elements of prior art systems to arrive at the claimed invention without the benefit of hindsight.

B. Ground 2: Claim 11 Is Not Obvious Under 35 U.S.C. § 103(a) Over Garfinkle in View of Kosten and Allen

Claim 11. "The method of marketing and distributing multimedia of claim 1, further comprising automatically collecting sales information from exhibitor recipients of various items of said multimedia material and providing sales and marketing data, specific to said items of multimedia material, to exhibitors based upon information from said exhibitors."

Two Separate Providing Elements in Claim 11: Sales Data and Marketing Data

Petitioner asserts Claim 11 of the '725 patent is unpatentable under 35 U.S.C. § 103(a) over Garfinkle and Kosten in view of Allen (Ex. 1006). Allen has been cited by the Petitioner for the clearly incorrect assertion that Allen discloses the provision of marketing data. As detailed respecting Claim 11, below, this position is fatally defective, and the position of Petitioner is nothing less than sleight-of-hand, blurring two separate claim elements into one, namely blurring provision of sales data (generally alluded to in Allen) into the provision of marketing data (which is not remotely suggested by Allen). Moreover, Allen's provision of sales data is in a different context from the Invention.

The very different meaning of the terms "marketing" and "sales" is plain. "Marketing" refers to promotional activities which have as their object the

generation of sales. “Sales” in turn, relates to executed commercial transactions. In the film distribution business, "sales" ("box office sales" or simply "box office") are executed commercial transactions that result in a consumer paying to view a film. Tulchin Declaration, Ex-2131, ¶¶18-20.

Different Plain and Ordinary Meanings

The concept of sales and the concept of marketing are quite separate, and have different plain and ordinary meanings. “Sales” involve transfer of consideration for money. Information on such "sales" can generate “sales” data.

Marketing, on the other hand, refers to actions taken with the object of interesting individuals in acquiring services, namely viewing a film. In accordance with the invention, such efforts are recorded in the form of “marketing data.” Nothing respecting marketing actions, or anything analogous, is found in Allen.

Claim 11 Recites and the Specification Describes Marketing Data

The specification of the Patent explicitly teaches the downloading of “***marketing*** materials” (Ex-1001, 13:34), e.g. “***advertising***,” by exhibitors. Ex-1001, 13: 27-31. The system “allows the user to select from a list of available material,” or an “advertising package.” Ex-1001 13:27-40. The data respecting the selection and downloading of selected advertising material is “recorded… along with identification… [of] the exhibitor.” This “enables a record to be kept of each

user's requests, along with selected ***data*** such as the date and time of request… [and] also enables the collection of some of the statistical data to be used by the system." Ex-1007, column 13: 42-48. Such data comprise the "***marketing data***" of Claim 11 and relates to the advertising used by the exhibitor. Such marketing data is collected specific to items of multimedia material and then is provided to exhibitors, as recited in Claim 11, and that a declaration is utilized in the local marketing of Claim 1.

The Invention's central server retains data regarding requests for various materials and this information is used to help in marketing efforts. Ex-1001, Abstract, 15:18-27. The transfer of this marketing data empowers the theater-owner's local marketing, which is enabled by the claimed invention, as recited in Claim 1(f). At the time of the invention, information on marketing actions taken by exhibitors were in the hands of individuals exhibitors. Ex-2131, ¶18. The collection and transfer of data as recited in Claim 11 empowers marketing by exhibitors. See, Tulchin Declaration, Ex-2131, ¶21,

Petitioner Unsoundly Calls Allen's Sales Data Marketing Information

Petitioner's characterization of Allen as providing "marketing data (Ex-1006, 6:50-57, 11:15-20, Table 3 (25:25-42))," depends on the characterization of credit card information as marketing data (Houh Declaration, ¶108), something

which is at odds with the plain meaning of the words, that is, data respecting actions taken to market. Ex-2131, ¶¶18-19.

Sales Data Collected and Provided to Exhibitors

The specification of the Patent in addition to marketing data discloses the collection of sales data for the purpose of billing, both going into its statistical database. Ex-1001, 15:4-11.

Petitioner acknowledges the recitation of providing sales information in Claim 11, but ignores the recitation of providing of marketing information, seeking to blur it into sales information.

Of course, there is a difference between sales and marketing information. Sales information is used to collect money from exhibitors. Marketing information is information with respect to the marketing of the product by the exhibitors, such as which advertising materials (e.g. "trailers") they selected. Ex-2131, ¶¶18-21. As noted above, the inventive system, unlike the prior art, automatically collects, stores and distributes this statistical data.

Allen's Customers Are Uninterested in and Don't Receive Marketing Data

Petitioner seeks to bridge this deficiency arguing that Allen discloses that with the "accounting and transaction engine 109 [,]… studios can monitor their

individual financial data, sales results and promotion results." Petitioner then tries, ignoring the plain meaning of the words, to characterize "promotional results" as sales and marketing data. Petition, 45. Clearly, "financial data, sales results and promotional results," in the context of Allen, is nothing more than sales. This is not "marketing data" on the marketing efforts. Moreover, such information is not communicated to the customers, who, of course, as end-user purchasers are uninterested in the same. Likewise, no information respecting marketing is collected from or sent to the retail kiosk location.

Likewise, Petitioner's argument based on the disclosure that that "the retail outlets shall be able to monitor their own financials on a real-time basis," is the communication of only sales information and is not information about marketing.

Billboard Marketing Information in Allen Isn't Provided to Kiosk

Allen discloses a system where video files are sent to either a head end of a cable system for decompression and provision to a VOD viewer, or to a retail kiosk for manufacture of a videocassette. In the case of kiosk sales, previews, movie labels and the like are also transmitted by the system. Allen's head end/VOD system has no relevant features which are not already in Garfinkle's VOD system.

Allen's kiosk system, while it does have accounting capability involving data processing, does not deal with a two-tiered system involving transmission to

an exhibitor of multimedia and advertising, and enablement of the exhibitor to market. It only involves the manufacture and dispensing of a videocassette and associated labeling for which the customer already exists and the sale or rental has already been made. More importantly, manufacturing of a videocassette does not involve exhibition. Accordingly, there are no exhibitors and any alleged third-party local marketing is a *non sequitur*.

Petitioner's reliance on Allen with respect to the recitation of providing sales and marketing data to exhibitors based upon information from the exhibitors, is nonsensical, because there are no exhibitors, and further because marketing data is not collected. In the invention of the Patent, the provision of specific marketing materials is recorded by the system, as well as the sales results from such marketing, as detailed above. That information is received from the exhibitors and recorded by the system. That sales and marketing data is then provided to exhibitors in accordance with the recitations of Claim 11. Allen neither teaches nor suggests anything of this.

Analysis of Claim 11

Claim 11: “The method of marketing and distributing multimedia of claim 1, further comprising automatically collecting sales information from exhibitor recipients of various items of said multimedia material and providing sales and

marketing data, specific to said items of multimedia material, to exhibitors based upon information from said exhibitors

In accordance with the invention, such "data is collected for the purpose of billing and also for the purpose of generating a database of information useful as a sales tool." Ex 1001, 15:6-11. Notably, claim 11 recites, in addition to the collection of sales information, the provision of marketing data to exhibitors based upon information from exhibitors.

Petitioner Fails to Advance a Position Respecting Recitation of "Marketing Data"

In accordance with the Patent, information respecting both sales and marketing is collected from the theater owners. "Sales" data clearly refers to ticket sales made by the theater owners, and Petitioner does not contest this. Respecting "marketing data," Petitioner fails to directly address the issue, except, perhaps, for obliquely suggesting it is related to "demographic" information (identified as credit card information, name, address, telephone, preferred contact procedure, and historical use profile), which, in Allen, is obtained from customers buying movies at Allen's manufacturing kiosk. Ex-1006, 10:36-48. Petition 44-45.

Invention Collects Data on Exhibitor Marketing Furnishing It to Other Exhibitors

In contrast to Allen, the Patent clearly discloses the collection of marketing data including the identity of advertising material used by exhibitors and the sales

following such marketing. As shown in Figure 7 of the Patent, "at the select action step" 140, theater owners can obtain a wide variety of "marketing materials," including "previews," "trailers," and "audio segments." Ex-1001, 13:15-19, 27-36. "After the selection is made at step 140, that selection is recorded… along with an identification… [of] the exhibitor… [to] enable[] a record to be kept" of the marketing materials used by the exhibitor. Ex-1001, 13:41-47. This marketing data, received from exhibitors is stored by the system in a "statistics" database. Ex-1001, 15:34-39. It is then available to be provided to exhibitors. This marketing data is provided to exhibitors by the actuation of a "sales history and related information button 166" as illustrated in Figure 7. Ex 1001, 13:34-40.

In accordance with the invention, and in contrast to ***all three of the references relied upon,*** such marketing "data is collected for the purpose of billing and also for the purpose of generating a database of information useful as a sales tool" in marketing efforts (Ex 1001, 15:6-11). Ex-2131, ¶24-26. Such marketing data provided to exhibitors at button 166 also includes "other products combined with the subject product [e.g. which advertising was combined with multimedia] … [and] is sent to a statistics database 438." Ex-1001, 15:32-39, bracketed material added. Such other products may be "marketing materials," including "previews," "trailers," and "audio segments." Ex-1001, 13:15-19, 27-36. Such statistics are made available to persons using the inventive system. Ex-1001, 15:60-64.

Allen Does Not Provide Marketing Data to Exhibitors

In contrast to the Patent's provision of items of marketing data to exhibitors, ***Allen does not even have exhibitors***, only customers for cassettes which its kiosks manufacture. While the ***operator*** of Allen's system does collect sales information, it is not provided to anyone. Accordingly, Allen does not meet the limitation of Claim 11 of "providing… marketing data, specific to said items of multimedia material, to exhibitors based upon information from said exhibitors."

Allen's Customers Are Unconcerned with Marketing

Allen cannot even be argued to provide "marketing data" to anyone because its customers (who are end-user retail customers) do no marketing. Accordingly, there is no marketing data to be collected. Claim 11 requires collection of such information from exhibitors, a limitation not met by Allen, which discloses neither collection nor providing, nor even exhibitors. There isn't even the remotest suggestion of such information associated with activities of Allen's customers.

Allen Provides No Data to Exhibitors, Because There Are No Exhibitors.

While Allen collects sales information, he does not provide that sales information to any "exhibitor" (as required by the recitations of Claim 11) because, again, in Allen there are no exhibitors, only purchasers or renters of videocassettes

manufactured by the kiosk. Petitioner's contentions with respect to Allen are nonsensical.

Allen's Cassette Manufacturing and Sales System Does Not Collect Marketing Data

The Petitioner's position thus fails. First, because Allen does not involve exhibition, but only the sale or rental of videocassettes. The collected information has nothing to do with the marketing disclosed by Allen, which is the placement, at retail sites, of kiosks which cycle through advertisements (essentially in billboard fashion), presumably when not being used to implement a sale. Ex-1006, Abstract, 21:10-24. No data is collected respecting the marketing disclosed by Allen, namely kiosk billboard advertising.

Customer Marketing Limited to Central Station Playing Trailers at Kiosk

The basic problem is Allen's failure to disclose a two-tier system with advertising moving through a middleman (such as the Patent's theater owner who performs marketing). Accordingly, collection of marketing information is not only absent in Allen, but it is nonsensical because there is only transmission, in the case of a trailer or other advertising, to the kiosk for real-time display.

In contrast, in accordance with the Patent, the theater owner markets the film using the advertising material selected by the theater owner. The specification of

the Patent explicitly teaches the downloading of advertising to be used in marketing by exhibitors. “That selection is recorded… [to] enable[] a record to be kept of each user's requests. It also enables the collection of… statistical data to be used by the system.” Ex-1001, column 13:27-47.

Allen Fails to Provide Marketing Information to Customers

Unlike Allen, such collected information is provided in the Invention to other exhibitors, as recited in Claim 11 to allow the theater-owner’s local marketing, as recited in Claim 1(f).

Claim 11: No Motivation to Combine Garfinkle and Kosten with Allen-Ground 2

Petitioner argues (Petition, 42) a POSITA would be motivated to combine Garfinkle, Kosten and Allen, citing Petitioner's contention of common features between them, including, with respect to Claim 11, “an accounting and transaction engine for monitoring and reporting marketing and sales data of multimedia and advertising materials (Ex-1006, 3:48-51).” However, this is not true. The cited section in Allen says ***nothing*** about ***marketing***, speaking only about sales, stating only that “[a]ll accounting and tracking of rentals and sales or viewing of movies on-demand are tracked at the central site through accounting and transaction computers.”

Petitioner also cites Ex-1006, 6:50-57, but the quoted section adds nothing to the above: "Also included at the host data center is the transaction engine 109 which communicates with the plurality of remote manufacturing sites to monitor the number of sales and rentals… distributed through the remote manufacturing outlets. The accounting and transaction engine 109 can communicate with the other components of the host data center to keep a current accounting of all transactions."

Petitioner then goes on to cite Ex-1006, 11:15-20, again with no disclosure relating to marketing activities: "The accounting and transaction engine 109 also monitors all accounts and can provide account summary and reports. With this facility, studios can monitor… financial data, sales results and promotion results from the retail level…. In addition, the retail outlets shall be able to monitor their own financials…."

Finally, Petitioner cites Ex-1006 Table 3 (25:25-42), again with nothing relating to marketing data of exhibitors (or any customer):

C. Ground 3: Claims 1, 4, 6-7, 9, 11 Are Not Obvious Over Allen in View of Budow

As noted in the Institution Decision (page 31), Petitioner relies on Budow, alleging that it teaches the methods and processes of marketing and distributing multimedia materials recited in Claim 1. Such reliance is not sound.

More particularly, Petitioner urges that Budow teaches "[t]he uplink facility and satellite can transmit… compressed video signals for storage and subsequent retrieval and viewing by customers, and other types of digitized data, such as advertisements and barker screens." *Id*. 3:3-8. However, the contention does not support obviousness, as appears more fully below.

1[pre]: "A method of marketing and distributing multimedia…"

The preamble of Claim 1 recites a method of "marketing and distributing multimedia," specifying the field of the invention as "distribution" as that term is understood in the multimedia film business, namely the business of marketing of film and providing venues with copies for exhibition, providing marketing materials and other activities. Ex-2131, ¶18. The relied upon embodiment of Allen does not involve "distribution," but rather retail sales of product, more particularly sales made at a retail manufacturing kiosk, or VOD from a cable headend.

While Allen discloses electronic file transfer to the kiosk, this is not marketing (as conceded by Petitioner) and it is not "distribution" as understood in the entertainment field. Ex-2131, ¶¶11-12.

Data on Marketing Not Disclosed by Allen

Moreover, while Petitioner urges that Allen "discloses tracking… marketing data such as 'customer demographic information,'" the cited section does not relate to data on marketing activities, but merely to an accounting and transaction engine keeping track of sales, customer names, customer addresses, telephone numbers, contact procedure credit card information and historical use profile of formation."

In other words, only sales information.

This compares to the plain meaning of "marketing" in the Patent which is clearly defined as the details of marketing activities by the exhibitors. See the Patent at, for example, 1:24 ("marketing materials"), 1:59-62 ("requests for previews, marketing materials, contract negotiations," 4:62-65 ("material associated with the title may include… a newspaper advertisement, a radio spot, a poster…"), 6:23-4 ("audio and visual materials are easily accessible by business-to-business customers around the globe"), 13:33-48 ("Other marketing materials… having their own buttons… may include previews and trailers button 156, audio segments button 158,… After the selection is made… [it] is recorded… [and]

enables the collection of… statistical data to be used by the system"), and 14:13-15 (The selected material is downloaded… [and] stored on the user's local storage media").

Clearly the marketing referred to in the specification of the Patent relates to activities involving "advertising materials" used by exhibitors to market the film and has nothing to do with credit card charge information. Accordingly, Allen does not relate to marketing by the exhibitors as defined by the specification. Likewise, Allen does not meet the recitations of the claims relating to marketing as that term is understood in the film industry. Ex-2131, ¶¶18-22.

1[f] - "providing said correlated information in a digital format corresponding to said advertising material…, allowing purchasers to locally market and sell … downloading… said advertising material… storing… said advertising material"

Petitioner Does Not Genuinely Contend Advertising Is Stored

Petitioner does not appear to contend that advertising is stored at the purchaser's site in Allen or that purchasers are able to locally market and sell the multimedia film with Alan's system.

While Petitioner's expert Dr. Houh, referring to Allen's manufacturing kiosk, does seem to contend (¶139) that the manufacturing kiosk of "Allen's

‘movie storage facility 105 [(i.e., server system)] will also store movie previews, sell-through artwork, label data and database header information in a digital format for *downloading with the movie to the retail level*.’ Ex-1006, 10:13-19” [emphasis in original], there is a basic disconnect, because the customer at the kiosk does no marketing to third parties. In any case, there is clearly no disclosure of downloading v4 advertising materials which allows for later use in local marketing of the film.

Allen’s Customer Doesn't Market, Getting Only Package and Labeling Elements

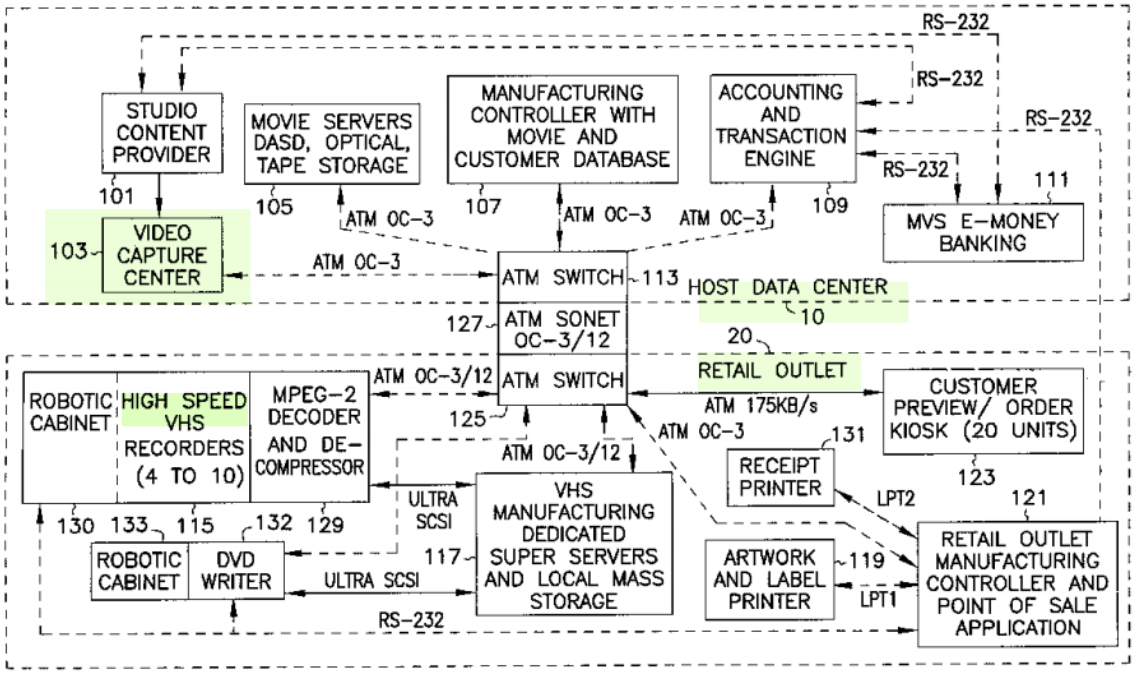
The cited section merely states: “[a]lso captured by the video capture center are materials… movie previews, movie labels, movie sell-through artwork in digital, analog and photographic forms.” “Captured” is not well defined, but, certainly, given that the recited materials are all part of the videocassette being manufactured or billboard content, they have nothing to do with “storing… said advertising material” and thus, as recited in Claim 1 “allowing purchasers to locally market and sell said multimedia material,” because that is impossible with Allen.

Dr. Houh's Implying That Allen's Customers Engage in Marketing Is False

Nevertheless, Dr. Houh asserts (¶140) that Allen "further provides uses for those advertising materials. Ex-1006, 9:16-21." The assertion is unsupportable.

Keeping in mind that "[t]he video capture facility 103 receives the movies from the studio content provider" (9:7-10), Allen in the cited language (9:16-26) makes it clear that this has nothing to do with uses of those advertising materials in marketing allegedly meeting recitations of Claim 1f: "Also captured by the video capture center are materials… such as movie previews, movie labels, movie sell-through artwork in digital, analog and photographic forms. All this additional material is also transferred to a digital format and stored in files associated with the movie. The artwork can be transferred from the central site 10 to the remote manufacturing site 20 for use in reproducing the artwork for the jackets or covers on the videotape shells and cases."

See highlighted Figure 1 for the relationship between central video capture facility 103 and retail outlet 20, which are completely separate facilities (with storage at the server data center 10, not the retail outlet). Additionally, both are unconnected to a second-tier customer base (because it doesn't exist):



Despite Dr. Houh's assertion (¶140) that Allen "further provides uses for those advertising materials. Ex-1006, 9:16-21," apparently suggesting that the materials are used, in the words of Claim 1 ¶f, to "allow[] purchasers to locally market and sell said multimedia material," the assertion is incorrect.

The recitations of claim 1 are not met by Allen. The only thing that Allen does with advertising is to play it at the retail kiosk billboard.

Likewise, the suggestion by Dr. Houh (¶117) that Budow, a trunk and branch system sending video to hotel guests, makes obvious the recitation of downloading and storing advertising material, thus "allowing purchasers to locally market and sell said multimedia material" with "said advertising material" as

recited in Claim 1f is unsound. The cited sections merely detail irrelevant file transport or VOD customer controls, and actions, possibly taken *at* the hotel, but controlled by the "systems control computer" at the centrally located uplink site. Ex-1008, 4:2-5. Moreover, advertisements are not correlated to the feature films. Nor are advertisements controlled by the hotel. Ex-1008 11:7-17, 13:1-5.

1[g] (1) "said purchaser is an exhibitor exhibiting said multimedia material . . . in a public theater… or a broadcast exhibitor"; and (2) "said advertising material . . . being shown to the public at a time or in a place different <u>from the time or place at which said associated multimedia material is displayed.</u>"

Petitioner's assertions with respect to claim 1g are even further off the mark.

Neither Allen's point-of-sale manufacturing kiosk, nor Budow's trunk and branch hotel VOD system have anything to do with exhibition, which necessarily must involve public showing to an audience. Allen's videocassette is obviously not a public showing to an audience. Thus, the field of the invention is different and the references are non-analogous art. Additionally, Budow's VOD system for hotel guests is private not public.

Recitation of display of advertising at a time or in a place different from that at which the multimedia film is displayed clearly refers to the industry practice of displaying trailers in movie theaters at a time well in advance of the screening of

the movie in the regular course of business. Ex-2131, ¶28. Similarly, newspaper advertisements, radio spots, television commercials and the like are produced in places other than the movie theater, and this is the clear meaning of the reference to in a place different from that at which the movie is exhibited to the audience. Ex-2131, ¶29.

Accordingly, any argument that Claim 1g is met by Allen or Budow, either alone or in combination, is unsupportable.

Claim 4: "wherein said server system is accessed over a public communications system."

The use of a public communication system, in combination with the downloading and storage of advertising material recited in Claim 1 synergistically empowers purchaser-exhibitors "to locally market and sell said multimedia material." The use of a publicly accessible network, such as the Internet, seamlessly enables purchaser-exhibitors to send out television commercials, radio spots, and the like.

Petitioner's contention that the prior art discloses optical fiber, and that a disclosure of optical fiber means a public communication system is not supportable. Networks may be made of numerous materials, such as optical fiber,

but just because optical fiber is disclosed, this is not the equivalent of a disclosure of every detail of every network that includes optical fiber. Petitioner's expert's declaration that alternate links including "satellite links and high-speed wire" is irrelevant. Such systems can also function privately. Ex-2121, ¶18.

Intrinsic Definition of Public Communications System

On the other hand, the specification of the Patent specifies that the inventive "server system 15 [may be] accessible over a public communication system, such as the Internet." Patent, 3:14-17.

Claim 11. "automatically collecting sales information from exhibitor recipients of various items of said multimedia material and providing sales and marketing data, specific to said items of multimedia material, to exhibitors based upon information from said exhibitors."

Once again, Petitioner relies upon Allen's accounting and transaction engine, contending, incorrectly, that the engine "collects and provides sales and marketing data… to exhibitors based on information collected from exhibitors." As noted above, sales is different from marketing, and while the same words are often used together, they are no more the same than "bread and butter" or "rise and shine." Marketing activities are used to generate sales.

Patent Defines Marketing As Activities Associated with Advertising Materials

Moreover, marketing is clearly associated with the distribution of advertising materials in the specification of the patent and is properly limited to the activities associated with the same. Ex-2131, ¶19.

In accordance with the Patent, data on theater marketing activities, such as the particular trailers, advertising and other items used by the exhibitor movie theaters is collected by the inventive system as these materials are provided to the exhibitors. See Patent, 15: 8-11, 34-37.

In accordance with the Patent, in addition to "automatically collecting sales information from exhibitor recipients of various items of said multimedia material," the inventive system provides "marketing data, specific to said items of multimedia material, to exhibitors based upon information from said exhibitors" (Patent, 3: 22-25), and enables the "[exhibitor-]purchasers to locally market and sell said multimedia material" as recited in claim 1f." Tulchin Declaration, Ex-2131, ¶21.

Motivation to Combine Unsoundly Posited on Fictitious Marketing Data Reporting

Petitioner, in Ground 3, proposes motivation to combine Allen with Budow, alleging they both are video-on-demand systems and Budow provides improved distribution of media and advertising (although unrelated to claim recitations). Once again, Petitioner unsoundly relies upon Allen supposedly showing an "accounting and transaction engine for monitoring and reporting ***marketing*** and sales data of multimedia and advertising materials (Ex-1006, 3:48-51)." Pet. 47 (emphasis added). The cited section reads “[a]ll accounting and tracking of rentals and sales or viewing of movies on-demand are tracked at the central site through accounting and transaction computers.” Again, Allen is limited to the processing of sales data and not marketing activities. Ex-2121, ¶16.

The motivation to combine is further unsoundly posited as incorrectly relying upon the supposed disclosure of "distribut[ing]… advertising materials to be locally marketed and sold by the hospitality establishments. Ex-1008... 13:22-35." Pet. 47. However, the cited section deals with the insertion of apparently unrelated commercial advertisements during the viewing of the multimedia by the guest, and has nothing to do with activities marketing the multimedia by advertising the future screening of the film at the exhibitor's theater. For this reason also, the combination of Allen and Budow fails to anticipate or render obvious the claims in the Patent.

The Petition then goes on to state that a POSITA would have been motivated to combine Allen and Budow because of a long laundry list of supposed advantages. Petition 48. However, none of those advantages relate to the limitations of the claims concerning the provision of advertising material to be used by the exhibitors to locally market the film. Budow's insertion of conventional television commercials into the showing of the multimedia is irrelevant to marketing, as described in the Patent and claims, making Budow completely irrelevant to the invention of the Patent.

D. Ground 4: Claim 5 Is Not Obvious Over Allen in View of Budow and Kosten

Claim 5: "exhibition of multimedia material is the public showing of a motion picture"

While Allen does disclose displaying a movie, this is of no import as it is a VOD system which Allen describes at the cited section 27:20-39. Kosten shows only a straight through satellite transmission from the server data center to a movie theater, and Allen adds little to this, certainly nothing of substance. Adding video-on-demand to homes, businesses, offices, libraries and the like, allegedly disclosed by Allen, and pointing to the possibility a "high school" could be an exhibition space in Allen is unremarkable.

Most importantly, , nothing is taught with respect to providing for the download and storage of advertising, the enablement of marketing by the exhibitors through later use of these materials, or the use of advertising material by showing it to the public at a time or in a place different from that of the corresponding feature film. This limitation cannot read upon provision of advertising on a kiosk, billboard advertising, interjection of television commercials into a VOD system, or anything of the sort, as discussed above.

Likewise, just because Allen talks about supplying video to a library, there is no indication whether the supplying of the video is private, public, or an exhibition, i.e. the screening of a film to an audience. Indeed, the cited section of Allen (27:31-39) speaks of the same as video-on-demand, and in the same context as delivery in response to a "request [] from a home…, a business… or a school library." Even if a request comes from a school library, it could be a private request of one library patron, and to contend it is a public exhibition is to add something that is not in the reference.

<u>There Is No Teaching, Suggestion or Motivation to Combine Allen, Budow and Kosten</u>

In addition to the fact that these three patents, taken together, do not show important parts of the recited invention, as discussed above, there is no cogent

explanation for combining them. Petitioner repeats its senseless mantra in all of its arguments with respect to motivation, "Allen, Budow, and Kosten… would have a reasonable expectation of success" states the Petitioner. "They are from the same field and address the same well-known issues." But the field is file transport and the alleged combination is nothing less than cobbling together of different modules based on the disclosure of the Patent. Ex-2121, ¶8. The formulaic allegations continue with the conclusory, vague and substantially meaningless statement that "Allen, Budow, and Kosten provide complementary solutions for distributing digital multimedia and associated advertising materials," but outside that generality are the facts that storage enaling third party marketing, data dissemination, etc. is not shown or suggested.

VI. DISCUSSION

Petitioner fails to present any evidence that problems even existed that would have provided a motivation to combine. Petitioner can only point to the advantages of the claimed invention as disclosed in the Patent. But advantages of the invention in the Patent do not prove that there was a problem known to the prior art which would have motivated the combination.

Indeed, all of the prior art references disclose systems and methods which are complete in and of themselves and not problematic. Ex-2121, ¶13.

No Known Problem or Need Has Been Identified

Petitioner's attempt to characterize the advantageous system of the Patent as an obvious solution to a "known problem" is fundamentally unsound because not one of the prior art references cited by the Petitioner makes any reference to such a problem. Rather, as noted above, the cited references are complete and not problematic in and of themselves. The Patent's enabling the exhibitor to market the product through the collection of data from exhibitors and subsequent providing of such information to exhibitors is not a solution to a known problem.

Stripping away embellishments, Petitioner states the "problem" as the need to save money. Accordingly, anything in the art which, when combined with a general teaching such as a general VOD system, that saves money becomes a motivated combination, and, according to Petitioner's contentions, obvious. Such a view of the law is, of course, incorrect.

Even if one could characterize the need to make money as a problem, even the discovery of a problem can be an active invention. As the court explained in *In re Sponnoble*, 405 F.2d 578, 585: "a patentable invention may lie in the discovery of the source of a problem even though the remedy may be obvious once the source of the problem is identified. This is part of the 'subject matter as a whole' which should always be considered in determining the obviousness of an invention

under 35 USC 103" (emphasis in original). *Application of Peehs*, 612 F.2d 1287, 1290 (C.C.P.A. 1980). See also *Eibel Process Co. v. Minnesota & Ontario Paper Co*., 261 U.S. 45, 67 ([T]he inventive act which entitles an applicant to a patent resides as well in the discovery of the source of trouble as in the application of the remedy") . *See, Cardiac Pacemakers, Inc. v. St. Jude Med., Inc*., 381 F.3d 1371, 1377 (Fed.Cir.2004). "[W]here a problem was not known in the art, the solution to that problem may not be obvious, because ordinary artisans would not have thought to try at all because they would not have recognized the problem." *Forest Lab'ys, LLC v. Sigmapharm Lab'ys, LLC,* 918 F.3d 928, 935 (Fed. Cir. 2019) (quoting *Leo Pharm. Prods.*, 726 F.3d at 1357).

VII. CONCLUSION

At its essence, Petitioner's position fails because it relies upon references limited to the file transport art and shows nothing of the distribution structure and method of the Patent. Garfinkle is a simple VOD system providing videos to end-users. While it does have download-masking lead-ins and trailers, the same are not accessible to the customer, and so do not allow local marketing (albeit irrelevant to VOD end-users).

Kosten, the only reference which deals with exhibition, is also a one-tier system. Even ignoring that, the standalone billboard system does not allow marketing activities by the theater. Moreover, the disclosure is confused on the location of actions and advertisements. Location of advertisements at the theater is central to marketing and use at a different time or place. Notwithstanding, nothing in Kosten even suggests that the theater has any control over marketing activities on the billboard.

While Petitioner argues a motivation to combine, based on improvements which don't relate to the claim terms at issue and general alleged financial factors, besides not being rationally connected to motivation, the contention also fails as attempting to wishfully transform file transport systems into distribution systems.

Allen's headend VOD/manufacturing kiosk, without access to to allow advertising in second-tier marketing (which is not even disclosed), adds nothing to the above. Likewise, Budow's advertisements are not accessible by the hotel, and so do not allow marketing.

Thus, the only real commonality with the alleged art is file transfer. This leaves out claim limitations respecting downloading and storage which allows local use in marketing of the feature film. Kosten and Budow don't show correlation. None of the art shows a two-tier marketing system. None of the art

shows the collection of data from exhibitors and dissemination of marketing data back to exhibitors. Display of advertising at a time or place different from the showing of the film to get the moviegoer into the theater is nowhere to be found but for Petitioner's stretching to point to a freestanding billboard system present in the theater lobby. Petitioner's position is based on hindsight, and even for that, numerous claim elements are missing.

Indeed, there is no collection (let alone dissemination) of data on marketing efforts. Petitioner's attempt to blur this clear deficiency in its position by redefining sales as marketing is meritless.

Likewise, Petitioner's ignoring the recitations of exhibition steps and structure in the claims makes Petitioner's arguments unsupportable.

Compared to baseless arguments on motivation to combine, the experience of the inventor when he tried to interest Townsend and Drabinsky (of industry leader Deluxe) in implementing the Invention, followed by their making a doomed (by the Invention) $30 million investment because of prejudice against an electronic-based system, bears testament to the non-obviousness of the Invention.

Importantly, that prejudice stopped persons of ordinary skill in the art from even thinking about the possibilities that could grow from such systems. The Patent's inventors saw beyond that prejudice and invented a system that

empowered movie theaters with a structure enabling flexible and rapid selection and use of marketing materials, collection of information, dissemination of information to promote improved marketing activities, and lower costs.

Respectfully, the Petition is properly denied in all respects.

Dated: February 25, 2024

Respectfully submitted,

/s/Anthony H. Handal
Anthony H. Handal
Registration No. 26,275
Mona Roy
Registration No. 40,982
Handal & Morofsky LLC
308 East Avenue
Norwalk, CT 06851
617 880-0811
handal@handalglobal.com

Of Counsel
Jared Doster
Registration No. 72,684
Carey Rodriguez LLP
1395 Brickell Avenue, Suite 700, Miami, FL 33131
305-356-5455
Jdoster@careyrodriguez.com

CERTIFICATE OF WORD COUNT

Patent Owner certifies under 37 C.F.R. §42.24(d) that this preliminary response to the petition includes 13,802 words, as measured by Microsoft Word, exclusive of the table of contents, certificates of service, word count, and exhibits.

CERTIFICATE OF SERVICE

A copy of the foregoing Patent Owner's Response and Exhibits have been served via Electronic Mail on Petitioner's counsel of record as follows:

Xin-Yi Zhou
William M. Fink
Ben Haber
Patric Reinbold

At the following email addresses

vzhou@omm.com
tfink@omm.com
bhaber@omm.com
preinbold@omm.com

A courtesy copy was sent to the below counsel via electronic mail:

Neal C. Belgam
Daniel A. Taylor

At the following email addresses

nbelgam@skjlaw.com
dtaylor@skjlaw.com

Dated: February 25, 2024

/s/Anthony H. Handal